

Message Text

CONFIDENTIAL

PAGE 01 ATHENS 04223 061730Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----061805Z 052483 /56

O R 061537Z MAY 77
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC IMMEDIATE 436
INFO AMEMBASSY ANKARA
USMISSION NATO

C O N F I D E N T I A L ATHENS 4223

EXDIS

EO 11652: GDS
TAGS: PFOR, MARR, GR, US
SUB: U.S.-GREEK DEFENSE COOPERATION: FINANCIAL ASPECTS

REF: ATHENS 3420

1. MFA DIRECTOR GENERAL FOR POLITICAL AFFAIRS TZOUNIS ASKED DCM TO CALL AT MFA LAST NIGHT, MAY 5, TO DISCUSS FINANCIAL ISSUES RELATED TO DCA. (FOREIGN MINISTER BITSIOS HAD SUGGESTED TO AMBASSADOR EARLIER THAT THIS MIGHT BE THE WAY TO PROCEED--SEE REFTEL.) TZOUNIS OPENED CONVERSATION BY NOTING GOOD PROGRESS THAT HAD BEEN MADE IN RECENT DISCUSSIONS AND EXPRESSING OPTIMISM THAT TWO SIDES COULD RESOLVE REMAINING ISSUES IN NEAR FUTURE. THE FACT THAT AGREEMENT SEEMS NEAR HAS LED GOG TO THINK ANEW ABOUT PRESENTATIONAL ASPECTS OF DCA WHEN IT MUST BE DEFENDED IN PARLIAMENT AND PRESS. GOG IS STILL TROUBLED BY PUBLIC STATEMENT CAGLAYANGIL MADE WHEN HE RETURNED TO ANKARA FROM WASHINGTON LAST SPRING AFTER SIGNING TURKISH DCA. CAGLAYANGIL HAD CLAIMED THAT TURKEY HAD OBTAINED AN ASSISTANCE PACKAGE OF 1.366 BILLION DOLLARS FROM U.S. OVER A FOUR-YEAR PERIOD, CONSISTING OF ONE BILLION IN MILITARY GRANTS AND CREDITS, 86 MILLION DOLLARS IN "MILITARY EQUIPMENT", AND "PARALLEL AID" OF 280 MILLION DOLLARS IN EXIM BANK CREDITS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ATHENS 04223 061730Z

2. IN ORDER FOR GREEK PACKAGE TO APPEAR COMPARABLY FAVORABLE, TZOUNIS SAID GOG HOPED U.S. WOULD BE WILLING TO PROVIDE LETTER OR OTHER DOCUMENT INDICATING THAT EXIM CREDITS UP TO ABOUT 300 MILLION DOLLARS WOULD BE AVAILABLE TO GREECE DURING FOUR-YEAR PERIOD IF SUCH CREDITS PROVED NECESSARY AND IF SUITABLE PROJECTS WERE PRESENTED. TZOUNIS RECALLED THAT IN APRIL 1976 BITSIOS HAD MADE SUCH A PROPOSAL TO KISSINGER WHO HAD NOT WANTED TO PUT ANYTHING IN WRITING AT

THAT TIME BUT AGREED TO HAVE HARTMAN MAKE ORAL PUBLIC STATEMENT ON THE MATTER. TZOUNIS THEN READ FROM REPORT OF APRIL 15, 1976 PRESS STATEMENT BY HARTMAN SAYING USG ENCOURAGE BOTH PRIVATE AND INSTITUTIONAL LENDERS TO EXTEND CREDIT TO MEET GREEK NEEDS, POINTING OUT THAT GOG HAD NOT USED FULL EXTENT OF EXIM CREDIT AVAILABLE TO IT, AND EXPRESSING HOPE THAT THIS WOULD BE SUBJECT OF FURTHER DISCUSSIONS. GOG NOW HOPES IT WILL BE POSSIBLE FOR USG TO PROVIDE SOMETHING IN WRITING WHICH WOULD NOT BE BINDING BUT WHICH COULD BE USED PUBLICLY TO SHOW THAT GREECE HAD OBTAINED AS FAVORABLE AN OVERALL AGREEMENT AS TURKEY. DCM SAID HE WAS UNABLE TO COMMENT ON FEASIBILITY OF THIS REQUEST BUT WOULD PASS IT ON TO WASHINGTON FOR CONSIDERATION.

3. TZOUNIS ALSO ASKED THAT WE PROVIDE EXPLANATION OF 86 MILLION DOLLARS IN "MILITARY EQUIPMENT" MENTIONED BY CAGLAYANGIL. DCM AGREED TO SEEK ANSWER AND LET HIM KNOW. (COMMENT: DOD REPRESENTATIVES HERE FOR DCA DISCUSSIONS LATER TOLD DCM THEY RECALLED THAT WHEN TURKISH DCA WAS BEING NEGOTIATED USG HAD SET A VALUE ON NO-COST ACCESS BY TURKEY TO U.S. DEFENSE SATELLITE COMMUNICATIONS SYSTEM, AND THAT THIS MAY ACCOUNT FOR THE 86 MILLION DOLLARS WHICH CAGLAYANGIL APPARENTLY ADDED TO MAKE OVERALL DEAL WITH U.S. SEEM MORE FAVORABLE.)

4. TZOUNIS NEXT ASKED RATHER DIFFIDENTLY WHETHER SOMETHING COULD BE WORKED OUT SO THAT GOG MIGHT, UNDER CERTAIN CIRCUMSTANCES, RECEIVE SOME OF THE 560 MILLION DOLLAR CREDIT TO BE PROVIDED IN THE DCA PACKAGE AS SECURITY SUPPORTING ASSISTANCE RATHER THAN AS FMS. HE SAID THAT QUITE FRANKLY THIS WOULD BE MORE FAVORABLE TO GREECE BECAUSE INTEREST WAS LOWER, CREDIT WAS FOR A LONGER TERM, AND

CONFIDENTIAL

PAGE 03 ATHENS 04223 061730Z

SECURITY SUPPORTING ASSISTANCE NEED NOT BE USED EXCLUSIVELY FOR MILITARY PURCHASES.

5. DCM RESPONDED THAT IN HIS OPINION THE BASIC RATIONALE FOR ASSISTANCE TO BOTH GREECE AND TURKEY IN DCA'S WAS THAT THE MONEY WOULD BE USED TO MEET NATO OBLIGATIONS AND THAT IF GREECE WERE TO USE IT FOR NON-MILITARY PURPOSES THIS JUSTIFICATION WOULD NO LONGER BE VALID. IN ADDITION, INTRODUCTION OF UNEXPECTED NEW ELEMENT AT THIS ADVANCED STAGE IN NEGOTIATIONS MIGHT REINFORCE LINGERING SUSPICION AMONG SOME IN WASHINGTON THAT GOG DID NOT REALLY WISH TO COMPLETE THE AGREEMENT AS SOON AS POSSIBLE. TZOUNIS QUICKLY RESPONDED THAT GOG WAS NOT PROPOSING THIS AS A CONDITION TO AGREEMENT BUT WAS ASKING FOR IT AS A FAVOR WHICH WOULD KEEP THE DOOR OPEN FOR FURTHER DISCUSSION IF CONDITIONS CHANGED TO THE POINT WHERE USING SOME OF THIS CREDIT FOR NON-MILITARY ITEMS MIGHT BE IN THE INTEREST OF BOTH U.S. AND GREECE. GOG WOULD KEEP ANY AGREEMENT ON THIS MATTER CONFIDENTIAL AND WOULD NOT USE IT AS PART OF ITS EFFORT TO GAIN PUBLIC AND PARLIAMENTARY SUPPORT FOR DCA. HE FULLY RECOGNIZES THAT U.S. IS NOT IN A POSITION TO MAKE A COMMIT-

MENT AT THIS TIME AND THAT IN ANY CASE MILITARY SUPPORTING
MILITARY SUPPORTING ASSISTANCE
MUST HAVE CONGRESSIONAL APPROVAL, BUT GOG HOPES THAT DOOR CAN
SOMEHOW BE LEFT OPEN TO SUCH A POSSIBILITY.

6. ACTION REQUESTED: GUIDANCE ON WHAT WE SHOULD TELL GOG REGARDING
A(A) EXIM CREDIT CEILING PROPOSAL, (B) 86 MILLION DOLLAR ADDITIONAL
"MILITARY EQUIPMENT" FOR TURKEY, AND (C) POSSIBILITY THAT SOME
PORTION OF CREDIT TO GREECE UNDER DCA MIGHT BE IN FORM OF SECURITY
SUPPORTING ASSISTANCE.
KUBISCH

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN RELATIONS, NATIONAL SECURITY, BUDGETS, DIPLOMATIC DISCUSSIONS, MILITARY AGREEMENTS, FINANCIAL PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 06-May-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ATHENS04223
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770160-0038
Format: TEL
From: ATHENS
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770587/aaaacxdm.tel
Line Count: 127
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8acc8a99-c288-dd11-92da-001cc4696bcc
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: 77 ATHENS 3420
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2621819
Secure: OPEN
Status: NATIVE
Subject: U.S.-GREEK DEFENSE COOPERATION: FINANCIAL ASPECTS
TAGS: PFOR, MARR, GR, US
To: STATE
Type: TE
vdkgvkey: odbc://SAS/SAS.dbo.SAS_Docs/8acc8a99-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009